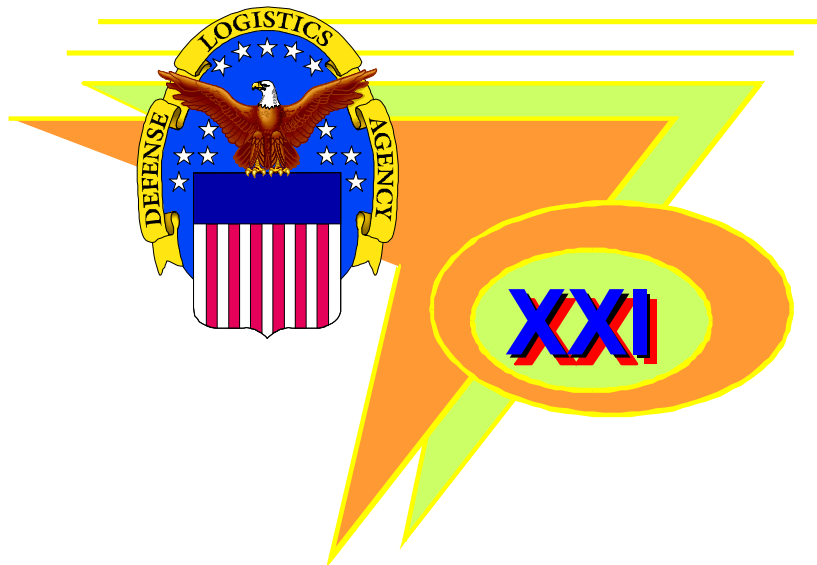


PROSPECTIVE OFFEROR'S GUIDE TO: PREAWARD SURVEYS

Defense Contract Management Command



WHAT YOU NEED TO KNOW...

INTRODUCTION

Congratulations on your selection as a prospective defense supplier!

You're well on your way to doing business with the federal government. Only one concern remains—a preaward survey.

“A what?” you ask.

OVERVIEW

Just as a creditor checks an applicant's credit history before approving a loan, the United States Government often reviews prospective suppliers' production capability, technical and financial capability, as well as their ability to deliver quality supplies/services in accordance with the contract specifications and delivery schedules. To assure the supplier is sufficiently responsible to fulfill all terms of the contract, the Government conducts a review process known as a preaward survey.

Below, you will learn why we—the government, require a preaward survey, how the process works, what the survey team looks for, and how you can best prepare yourself for the survey process.

WHY WE REQUIRE PREAWARD SURVEYS

Today, our Armed Forces place great reliance on technology and the capabilities of industry. This makes it necessary that there be reasonable prior assurance that supplies and services acquired will adequately perform their function and that these supplies and services will be delivered on time, in the quantity and quality required, and at a fair price. The Armed Forces simply cannot tolerate late deliveries or defective materials, regardless of whether they are simple or complex. We find that whenever we experience a delivery or hardware failure, there is little consolation in going back to producers and demanding “satisfaction.”

For these reasons, it is essential that the thousands of suppliers from whom we acquire supplies and services be selected for their know-how and that the products they produce reflect efficient application of that know-how. Companies awarded contracts must be found to have: the technical ability required to produce the items under contract, the production capability--methods, material, machinery, manpower and facilities necessary, and the financial capability. Blended together, these components will result in production and delivery within a defined

contract schedule. Prior to the award of a contract, the US Government attempts to assure that prospective suppliers have the capability to fulfill their part of the contract bargain. A businessperson who desires a contract must be a “responsible contractor” in the judgment of the buying activity.

If the buying activity has sufficient information on the offeror, then it can make a determination of responsibility based on the facts on hand. If there are doubts about the offeror’s ability to perform, the buying activity may request an evaluation of the offeror. The Preaward Survey is a method by which a supplier’s capability is evaluated. The survey is a formalized procedure initiated at the request of a buying activity who desires to enter into a procurement contract. The Federal Acquisition Regulation (FAR) Part 9 establishes the requirements governing supplier qualifications, and responsibility determinations. Subpart 9.106 governs Preaward Surveys.

HOW THE PREAWARD SURVEY PROCESS WORKS

The Defense Contract Management Command (DCMC), an arm of the Defense Logistics Agency (DLA), conducts nearly all of the preaward surveys required by government buying activities—DLA, the military services, the National Aeronautics and Space Administration, and other agencies. The process begins with a buying activity’s request for a survey and concludes with a procuring contracting officer’s (PCO) decision based on a recommendation by a DCMC Contract Administration Office (CAO) survey team. The process includes five basic steps:

- The buying activity requests a preaward survey by filling a Standard Form 1403. This form contains pertinent information about the contract being awarded; it also tells the survey team which matters require evaluation before the buying activity awards the contract.
- The task of evaluation is assigned to a DCMC office, which utilizes a survey team.
- The manager of the survey team schedules the preaward survey by contacting the prospective supplier. At the agreed-upon time, the team conducts the survey.
- Upon completion of the survey, the team submits to the buying activity a written report that recommends whether to make award or not.
- The buying activity’s PCO makes the award decision and notifies the supplier.

WHAT THE SURVEY TEAM LOOKS FOR

A preaward survey can focus on virtually every facet of your business operations—from technical capability to financial stability, from quality assurance to plant safety.

In a sense, the survey process is your opportunity to provide evidence (i.e., Plan of Performance (POP)) that you can successfully fulfill the terms of the contract. If you do not currently have the facilities, personnel, or equipment in place to complete the contract successfully, you will have a chance to demonstrate definitively that such deficiencies will be corrected in time to meet contract requirements.

Listed below are the dozen or so factors that are most frequently the focus of preaward surveys.

- **TECHNICAL CAPABILITY:** Do your key management personnel have the knowledge and experience needed to generate the required product or service?
- **PRODUCTION CAPABILITY:** Do you have—or can you acquire—the facilities, material, equipment, and personnel needed to complete the contract on time? Can you plan, control, and integrate each of these? Do you have a system for timely placement of orders and for vendor follow-up and control?
- **QUALITY ASSURANCE:** Are you capable of complying with the contract's quality assurance requirements?
- **FINANCE:** Do you have access to enough money to acquire needed facilities, material, equipment, and personnel?
- **ACCOUNTING:** Do you have an adequate accounting system? Normally the Defense Contract Audit Agency (DCAA) will review the accounting system if progress payments, a cost-type contract, or an incentive-type contract is contemplated.
- **GOVERNMENT PROPERTY CONTROL:** Are you capable of managing and controlling government property?
- **TRANSPORTATION:** Can you comply with all the rules and regulations on the movement of government material or of overweight, oversized, or hazardous cargo?
- **PACKAGING:** Do you have the equipment and personnel to meet all of the packing and shipping requirements of the contract, such as marking, unitizing, and preservation?

- **SECURITY:** Do you and your employees have up-to-date, adequate clearances? The Defense Security Service conducts such evaluations when required.
- **PLANT SAFETY:** Can you comply with all federal, state, and local safety requirements?
- **ENVIRONMENTAL/ENERGY:** Can you comply with environmental regulations and meet energy goals?
- **FLIGHT OPERATIONS/FLIGHT SAFETY:** Can you meet specific flight operations/flight safety requirements in the solicitation?
- **OTHER:** Most frequently, this factor is used for any other special requirements of the solicitation.

A CHECKLIST TO PREPARE FOR THE SURVEY

If you have complete, factual answers to the survey team's questions, the process can be quick and painless. Before the team arrives, ask yourself these questions:

- ☐ Have you chosen a management official to speak for your company?
- ☐ Is that management official totally familiar with the company's bid as well as the terms of the solicitation?
- ☐ Are there disparities between the solicitation and your company's bid that need to be resolved immediately?
- ☐ Can you actually demonstrate your company's technical capability or the development of such a capability to generate the contracted product or services?
- ☐ Is your company's production plan adequate to meet contract schedule? Is the plan available for review by the survey team?
- ☐ Are your plant facilities and equipment available and operable? If not, can you prove that the facilities can be developed and the equipment acquired in time to meet the contract requirements?
- ☐ Is your company ready to meet the contract's transportation requirements?
- ☐ Can your company meet the contract's packaging, packing, and preservation requirements, no matter how unusual?

- ☐ Do your company's employees have up-to-date security clearances, and are they cleared for the proper level of secrecy?
- ☐ Has your company hired enough properly skilled personnel? If not, can you hire them quickly?
- ☐ Does your company have documents—previous government or commercial contracts and orders—that demonstrate a satisfactory record of on-time deliveries of quality products or services?
- ☐ Have you made plans to escort the survey team through your facility? Are technical experts available to answer questions from the team?
- ☐ Have you gathered pertinent financial documents—a profit and loss summary, a balance sheet, a cash flow chart, and so forth?
- ☐ Do you have a list of on-hand tools and equipment?
- ☐ Have you made verifiable plans for vendor supplies and materials or for subcontracts? Do you have a follow-up system to ensure that your company can meet the delivery schedule if a vendor has problems?
- ☐ Do you understand all the requirements for technical data and publications?
- ☐ Do you have an accounting system that the Defense Contract Audit Agency could review? Documentation from such a system would be needed if, for example, you ask for progress payments?
- ☐ Does your company have an active quality assurance system? Are your quality specialists familiar with the solicitation's quality requirements?
- ☐ If the government is furnishing equipment, property, or material, does your firm have procedures to comply with the Federal Acquisition Regulation?
- ☐ Do you have any other information or data that the preaward survey team would find useful?

The Preaward Survey is a method by which a supplier's capability is evaluated. The Preaward Survey is a formalized procedure focusing on virtually every facet of your business operations—from technical capability to financial stability, from quality assurance to plant safety. The US Government attempts to assure that prospective suppliers have the capability to fulfill their part of the contract bargain. A businessperson who desires a contract must be a responsible contractor. Are you a responsible contractor?